

COVER PAGE

WISCONSIN POWER AND LIGHT COMPANY

DOCKET 05-CE-137

EXHIBIT 1.2 (RDB-1)

WPL Response to PSCW Staff DR No. 3.22 Attachment F (Public) Corrected Updated Analysis: PVRR Compared to Plan 2							
		Future Scenarios*					
		Future 1	Future 2	Future 3	Future 4	Future 5	Future 6
		Base Assumptions No Monetized CO2 Allowances SO2 and NOX cost levels at new forecasted levels	Base Assumptions and Monetized CO2 Allowances -Based upon Staff's NED 3 CO2 ramp approach (\$10/ton beginning in 2015, ramping to \$25/ton in 2025 (2008 dollars)) -Nuclear Available after 2020. -SO2 and NOX cost levels at new forecasted levels	High Retention Value -Gas prices high, +30% -Coal prices Low, -10% -Purchase power market prices consistent with gas and coal prices -SO2 and NOX cost levels at new forecasted levels -Project costs are 10% below the estimate -Nuclear Available after 2020	Low Retention Value -Gas prices low, -10% -Coal prices high, +30% -Purchase power market prices consistent with gas and coal prices -SO2 and NOX cost levels at new forecasted levels -Project costs are 20% above the estimate -Nuclear Available after 2020	Carbon Constrained Future A Beginning with CO2 Monetization in 2015: -CO2 Monetized at Future 2 levels -Gas prices high, +30%, corresponding with CO2 monetization -Coal prices low, -10%, corresponding with CO2 monetization -Purchase power market prices consistent with gas and coal prices -SO2 and NOX cost levels at new forecasted levels -Demand and energy forecast at base levels -Nuclear Available after 2020 -Policy changes consistent with carbon constrained environment: -Elimination of the wind PTC corresponding with CO2 monetization -25% RPS by 2025 (2%/yr 2015 to 2020: 1%/yr 2020 to 2025)	Carbon Constrained Future B (consistent with WEPCO response to DR KD-2, 6630-CE-302) Beginning with CO2 Monetization in 2014: -CO2 Monetized at Future 2 levels -Gas prices high, +30%, corresponding with CO2 monetization -Coal prices low, -10%, corresponding with CO2 monetization -Purchase power market prices consistent with gas and coal prices -SO2 and NOX cost levels at new forecasted levels -Demand and energy forecast at base levels -Nuclear Available after 2020 -Policy changes consistent with carbon constrained environment: -Elimination of the wind PTC corresponding with CO2 monetization -25% RPS by 2025 (2%/yr 2015 to 2020: 1%/yr 2020 to 2025)
Plans	Plan 1: PVRR Variance From Plan 2 Install SCR in 2011	(\$616.5)	(\$297.0)	(\$776.9)	(\$369.9)	(\$631.3)	(\$450.3)
	Plan 2 PVRR: Do not install SCR and retire Edgewater Unit 5 at the end of 2012	\$15,255.1	\$17,143.8	\$15,647.1	\$15,682.8	\$18,585.2	\$17,076.9
	Plan 3: PVRR Variance From Plan 2 Install SCR in 2011 and Bag House and Scrubber in 2014	(\$318.7)	(\$7.0)	(\$471.5)	(\$81.9)	(\$329.7)	(\$148.5)

* PVRR values stated in table cells are in millions of 2008 dollars, discounted present value, with a 35 year extension

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		Future Scenarios*					
		Future 7	Future 8	Future 9	Future 10	Future 11	Future 12
		Carbon Constrained Future B (consistent with WEPCO response to DR KD-2, 6630-CE-302) High CO2 Reduction Same as Future 6, except add zero carbon resources priced at nuclear in year 2025 for higher CO2 reduction, and no new coal. Beginning with CO2 Monetization in 2015: -Gas prices high, +30%, corresponding with CO2 monetization -Coal prices low, -10%, corresponding with CO2 monetization +Purchase power market prices consistent with gas and coal prices -SO2 and NOX cost levels at new forecasted levels -Demand and energy forecast at base levels -Nuclear Available after 2020 -Policy changes consistent with carbon constrained environment: -Elimination of the wind PTC corresponding with CO2 monetization -25% RPS by 2025 (2%/yr 2015 to 2020; 1%/yr 2020 to 2025)	Base Assumptions No Monetized CO2 Allowances SO2 and NOX cost levels at new forecasted levels Gas Price Sensitivity Low at -10%	Base Assumptions No Monetized CO2 Allowances SO2 and NOX cost levels at new forecasted levels Gas Price Sensitivity High at +10%	Carbon Constrained Future B (consistent with WEPCO response to DR KD-2, 6630-CE-302) Beginning with CO2 Monetization in 2014: -Gas prices at base case values -Coal prices at base case values -Purchase power market prices consistent with gas and coal prices -SO2 and NOX cost levels at new forecasted levels -Demand and energy forecast at base levels	Carbon Constrained Future B (consistent with WEPCO response to DR KD-2, 6630-CE-302) Beginning with CO2 Monetization in 2014: -Gas prices low, -10%, corresponding with CO2 monetization -Coal prices at base values -Purchase power market prices consistent with gas and coal prices -SO2 and NOX cost levels at new forecasted levels -Demand and energy forecast at base levels	Carbon Constrained Future B (consistent with WEPCO response to DR KD-2, 6630-CE-302) Beginning with CO2 Monetization in 2014: -Gas prices high, +10%, corresponding with CO2 monetization -Coal prices at base case values -Purchase power market prices consistent with gas and coal prices -SO2 and NOX cost levels at new forecasted levels -Demand and energy forecast at base levels
Plans	Plan 1: PVRR Variance From Plan 2 Install SCR in 2011	(\$415.7)	(\$558.9)	(\$665.1)	(\$110.4)	(\$32.6)	(\$192.6)
	Plan 2 PVRR: Do not install SCR and retire Edgewater Unit 5 at the end of 2012	\$16,363.6	\$14,886.5	\$15,550.6	\$15,501.7	\$15,045.5	\$15,928.8
	Plan 3: PVRR Variance From Plan 2 Install SCR in 2011 and Bag House and Scrubber in 2014	(\$119.5)	(\$256.2)	(\$368.2)	\$167.7	\$234.5	\$92.0

* PVRR values stated in table cells are in millions of 2006 dollars, discounted present value, with a 3% user extension.

* PVRR values stated in table cells are in millions of 2008 dollars, discounted present value, with a 35 year extension.